

JOSHUA HILL JR. (SBN 250842)
jhill@mofo.com
CHRISTINE Y. WONG (SBN 284026)
christinewong@mofo.com
MORRISON & FOERSTER LLP
425 Market Street
San Francisco, CA 94105
Tel: (415) 268-7000
Fax: (415) 268-7522

*Special Regulatory Counsel for Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

**SUPPLEMENTAL DECLARATION OF
JOSHUA HILL JR. IN SUPPORT OF
SUPPLEMENTAL APPLICATION OF
DEBTORS PURSUANT TO 11 U.S.C. §
327(E) AND FED. R. BANKR. P. 2014(A)
AND 2016 FOR AN ORDER AMENDING
THE SCOPE OF THE RETENTION OF
MORRISON & FOERSTER LLP AS
SPECIAL REGULATORY COUNSEL
FOR THE DEBTORS EFFECTIVE AS OF
THE PETITION DATE**

[No Hearing Requested]

1 I, Joshua Hill, Jr., pursuant to 28 U.S.C. § 1746, to the best of my knowledge and belief,
2 and after reasonable inquiry, declare as follows:

3 I am a partner in the law firm of Morrison & Foerster LLP (“**Morrison & Foerster**” or the
4 “**Firm**”), with offices at 425 Market Street, San Francisco, CA 94105, among other locations, and
5 I am duly authorized to make this declaration (the “**Declaration**”) on behalf of Morrison &
6 Foerster. I am an attorney duly admitted and in good standing to practice before the Courts of the
7 States of California, New York, and Texas; the United States District Courts for the Eastern District
8 of New York and the Northern District of California; and the United States Court of Appeals for
9 the Ninth Circuit. There are no disciplinary proceedings pending against me.

10 This Declaration is submitted pursuant to section 327(e) of Title 11 of the United States
11 Code (the “**Bankruptcy Code**”) and Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy
12 Procedure (the “**Bankruptcy Rules**”) and the Local Bankruptcy Rules of the United States
13 Bankruptcy Court for the Northern District of California (the “**Local Bankruptcy Rules**”) in
14 support of the *Supplemental Application of Debtors Pursuant to 11 U.S.C. § 327(e) and Fed. R.*
15 *Bankr. P. 2014(a) and 2016 for an Order Amending the Scope of the Retention of Morrison &*
16 *Foerster LLP as Special Regulatory Counsel for the Debtors Effective as of the Petition Date* (the
17 “**Application**”),¹ filed contemporaneously herewith.

18 **SERVICES TO BE PROVIDED**

19 Morrison & Foerster is a global law firm employing more than 1,000 attorneys across 17
20 offices world-wide. Since early 2018, Morrison & Foerster has served as regulatory defense
21 counsel to the Debtors, and has provided the Debtors with legal advice concerning certain ongoing
22 governmental investigations (collectively, the “**Special Counsel Matters**”), including the
23 California Public Utility Commission’s investigation into the Debtors’ involvement with recent
24 wildfires in Northern California. The Special Counsel Matters are described in greater detail in the
25 *Declaration of Joshua Hill, Jr. in Support of Application of Debtors Pursuant to 11 U.S.C. § 327(e)*
26

27 ¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed
28 to them in the Application.

1 and Fed. R. Bank. P. 2014(a) and 2016 for Authority to Retain and Employ Morrison & Foerster
2 LLP as Special Regulatory Counsel for the Debtors Effective as of the Petition Date [Docket No.
3 2194] (the “**Initial Hill Declaration**”). I hereby incorporate by reference the Initial Hill
4 Declaration as if its contents were set forth fully herein.

5 As described in the Initial Hill Declaration, the Debtors’ post-petition retention of Morrison
6 & Foerster is governed by a prepetition engagement letter and Master Services Agreement
7 (together, the “**Engagement Letter**”), attached to the Initial Hill Declaration as Exhibit A. In
8 addition to providing services related to the Special Counsel Matters, the Engagement Letter also
9 contemplates that, from time to time, Morrison & Foerster may also advise—and historically has
10 advised—the Debtors with respect to certain capital markets, corporate governance, and executive
11 compensation matters as well.

12 In addition to the Special Counsel Matters, the Debtors have requested that Morrison &
13 Foerster provide services pursuant to the Engagement Letter that are outside of the scope of the
14 Initial Retention Order (collectively, the “**Supplemental Matters**”). The Supplemental Matters
15 include, but are not limited to, the following:

- 16 a. preparing memoranda analyzing compensation, corporate, and labor
17 law considerations relating to the PG&E Corp. and Utility Executive
Incentive Compensation Recruitment Policy;
- 18 b. formulating strategy and providing general legal advice with respect
19 to executive compensation policies;
- 20 c. advising the Debtors with respect to regulatory disclosures, corporate
governance issues, and the Debtors’ corporate form; and
- 21 d. performing all other necessary legal services in connection with the
22 foregoing; *provided, however*, that to the extent Morrison & Foerster
23 determines that such services fall outside of the scope of services
historically or generally performed by Morrison & Foerster as special
24 regulatory counsel, Morrison & Foerster will file a supplemental
declaration.

25 The professionals who will be primarily responsible for this engagement regularly
26 advise clients with respect to regulatory compliance, management compensation, and corporate
27 governance.
28

PROFESSIONAL COMPENSATION

As set forth in the Initial Hill Declaration, the ranges of Morrison & Foerster's standard hourly rates are as follows:

- a. the hourly rates for partners range from \$925 per hour to \$1,500 per hour, based upon a variety of factors, including seniority, distinction, and expertise in one's field;
- b. the hourly rates for "of counsel" and "senior of counsel" range from \$750 per hour to \$1,380 per hour;
- c. the hourly rates for attorneys and associates range from \$510 per hour to \$850 per hour; and
- d. the hourly rates for paraprofessionals range from \$255 per hour to \$460 per hour.

In connection with the competitive RFP process through which Morrison & Foerster was selected to represent the Debtors, the Debtors negotiated certain billing rate and volume discounts from the standard rates set forth above, as reflected in the Engagement Letter. Morrison & Foerster's hourly rates are subject to periodic adjustments to reflect economic and other conditions. Any such adjustments will be reflected in Morrison & Foerster's fee requests. There are no alternative fee arrangements from customary billing. Further, no professional varies his or her rate based on geographic location.

It is Morrison & Foerster's policy to charge its clients in all areas of practice for out-of-pocket expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, mail and express mail, special or hand delivery, outgoing facsimiles, photocopying, scanning and/or printing, computer assisted research (which shall not be more than the actual cost incurred by Morrison & Foerster in performing such research), travel, "working meals," transcription, as well as non-ordinary overhead expenses such as secretarial and other overtime. Morrison & Foerster will charge for these expenses in a manner and at rates consistent with charges made generally to its other clients.

DISINTERESTEDNESS AND DISCLOSURE OF CONNECTIONS

In order to ascertain Morrison & Foerster's "connections," as that term is used in Bankruptcy Rule 2014, with the Debtors, the Debtors' creditors, and other parties-in-interest in

1 these Chapter 11 Cases, the Firm's New Business Department, under the supervision of Morrison
2 & Foerster attorneys, conducted an internal search to identify any "connections" with any creditors
3 and parties-in-interest as of the Petition Date based on a list provided to Morrison & Foerster by
4 the Debtors' lead bankruptcy counsel (collectively, the "**Interested Parties**"). This internal inquiry
5 regarding the Interested Parties was performed by Morrison and Foerster's New Business
6 Department using Morrison & Foerster's conflict database to determine if Morrison & Foerster
7 currently represents or formerly represented any of the Interested Parties within the past two years.
8 Attached as Schedule 1 to the Initial Hill Declaration is a list of the categories of Interested Parties
9 that Morrison & Foerster has searched to date.

10 Morrison & Foerster searched the names of the Interested Parties in a computer system
11 containing the names of current and former clients of Morrison & Foerster. This search revealed
12 that certain Interested Parties are or may be current clients of Morrison & Foerster, or may have
13 been former clients of Morrison & Foerster within the past two years, as identified on the list
14 attached to the Initial Hill Declaration as Schedule 2.

15 Based on the results of this search, and through direct inquiries with Morrison & Foerster
16 attorneys as necessary, it was determined that the representation of the Interested Parties disclosed
17 on Schedule 2 to the Initial Hill Declaration hereto concerned matters unrelated to the Special
18 Counsel Matters, the Supplemental Matters, or the Chapter 11 Cases (except as otherwise disclosed
19 in the Initial Hill Declaration).

20 The status of entities identified as Interested Parties by the Debtors may have changed or
21 could change during the pendency of the Chapter 11 Cases without Morrison & Foerster's
22 knowledge. Morrison & Foerster will periodically review its files during the pendency of these
23 chapter 11 cases to ensure that no conflicts or other disqualifying circumstances exist or arise. If
24 any new or relevant facts or relationships are discovered or arise, Morrison & Foerster will use
25 reasonable efforts to identify such further developments and will promptly file a supplemental
26 declaration, as required by Bankruptcy Rule 2014(a).

27 Morrison & Foerster will not represent the Debtors in any adversary proceeding, contested
28 matters, or other litigation against any current client of Morrison & Foerster without obtaining

1 waivers where necessary or appropriate. Morrison & Foerster will notify the United States Trustee
2 of any waivers it receives during the pendency of the Debtors' bankruptcy cases. If any matters
3 arise with respect to which Morrison & Foerster cannot obtain a necessary waiver, the Debtors will
4 utilize other counsel to represent the interests and act on behalf of the Debtors.

5 **STATEMENT REGARDING U.S. TRUSTEE GUIDELINES**

6 Morrison & Foerster intends to apply for compensation for professional services rendered
7 in connection with these Chapter 11 cases subject to the approval of this Court and in compliance
8 with applicable provisions of the Bankruptcy Code, Federal and Local Bankruptcy Rules, and
9 Orders of the Court entered in these cases concerning compensation of professionals, on an hourly
10 basis, plus reimbursement of actual, necessary expenses and other charges incurred by the firm.
11 Morrison & Foerster has not been paid any retainer against which to bill fees and expenses.

12 The following is provided in response to the request for additional information set forth in
13 ¶ D.1 of the Guidelines for Reviewing Applications for Compensation and Reimbursement of
14 Expenses Filed under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases (the "**Revised**
15 **Guidelines**");

16 **Question:** Did you agree to any variations from, or alternatives to, your standard or
17 customary billing arrangements for this engagement?

18 Response: As part of the competitive RFP process through which Morrison &
19 Foerster was selected to represent the Debtors, the Debtors negotiated
20 billing rate and volume discounts from the Firm's standard hourly rates,
21 as reflected in the Engagement Letter.

22 **Question:** Do any of the professionals included in this engagement vary their rate
23 based on the geographic location of the bankruptcy case?

24 Response: No.

25 **Question:** If you represented the client in the twelve (12) months prepetition,
26 disclose your billing rates and material financial terms for the prepetition
27 engagement, including any adjustments during the 12 months prepetition.
28 If your billing rates and material financial terms have changed
postpetition, explain the difference and the reasons for the difference.

Response: Morrison & Foerster represented the Debtors for approximately 12
months prior to the Petition Date. Morrison & Foerster's customary
billing rates at the beginning of the engagement were \$725 to \$1,400 for
partners and counsel, \$460 to \$835 for associates, and \$230 to \$440 for
paraprofessionals. In January 2019, Morrison & Foerster adjusted its
standard billing rates for attorneys and paralegals in the ordinary course.

1 Morrison & Foerster's billing rates have not changed since the Petition
2 Date.

3 **Question:** Has your client approved your prospective budget and staffing plan, and,
4 if so, for what budget period?

5 **Response:** Morrison & Foerster is developing a budget and staffing plan for these
6 Chapter 11 Cases.

7 Morrison & Foerster intends to make a reasonable effort to comply with the U.S. Trustee's
8 requests for information and additional disclosures as set forth in the Appendix B of the Revised
9 Guidelines, both in connection with the Application and the interim and final fee application to be
10 filed by Morrison & Foerster in these Chapter 11 Cases.

11 No promises have been received by Morrison & Foerster nor any partner, counsel, or
12 associate thereof as to compensation in connection with this case other than in accordance with the
13 provisions of the Bankruptcy Code.

14 No agreement exists, nor will any be made, to share any compensation received by Morrison
15 & Foerster for its services with any other person or firm.

16 Morrison & Foerster will abide by the terms of any administrative order establishing
17 procedures for professional compensation and reimbursement entered in these cases.

18 I hereby declare under the penalty of perjury that the foregoing is true and correct.

19 Executed on December 2, 2019

/s/ Joshua Hill, Jr.
Joshua Hill, Jr.